



April 15th, 2013

**Prepared for the United States House of Representatives
Committee on Ways and Means Tax Reform Working Groups
Chairman Dave Camp (R-MI) | Ranking Member Sander Levin (D-MI)**

Dear Chairman Camp, Ranking Member Levin, and other Working Group Members,

As the committee commences an overall reform of the U.S. Tax Code, we would like to offer an innovation that protects economic vitality in communities while saving tax payer dollars and lives. As such, we recommend the Committee incorporate the Disaster Savings and Resilient Construction Act of 2012, which was introduced last Congress on a bipartisan basis, into the tax reform initiative.

Background

In 2011 and 2012, Congress passed Emergency Disaster funding legislation at unfunded levels of \$8 billion and \$60 billion respectfully. While no one can predict what disasters may occur in the future—and they will happen—areas hit hardest in the past are likely be impacted again. From Hurricanes along the Gulf and East Coasts to Tornado Alley, the geography is predictable even while the timing is not. However, through advancements in building technology, techniques, and testing, residential and commercial buildings can now be constructed to withstand all forms of natural disasters. Now, when federally declared disaster areas are rebuilt with these new techniques, whole communities are made resilient and are able to recover quickly from inevitable future disasters.

A CBO analysis has found that where federal dollars are spent on pre-disaster mitigation programs, "on average, future losses are reduced by about \$3 for every \$1 spent on those projects."

Type of Project	Estimated Ratio of Loss Reduction to Cost
Floods	4.6
Earthquakes	0.9
Hurricanes/Tornadoes	4.7
Severe Storms	2.7
Mudslides/Landslides	5.6
Fires	5.1
Severe Ice Storms	2.4
Total (Average)	3.2

Source: <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/86xx/doc8653/09-28-disaster.pdf>

When a federal disaster is declared, taxpayers' dollars are used to help rebuild communities and cities around the country. In offering a tax credit to builders and contractors using resilient construction techniques within a federally declared disaster area, the federal government will save money on future rebuilds. Additionally, homeowners may be eligible for a reduction in insurance costs if their home utilizes resilient construction techniques. According to the Alabama Press-Register, an Alabama homeowner who retrofitted their home to meet resilient standards saw their annual insurance premiums reduced from \$3,488 to \$1,800 – a \$1,688 yearly savings to the homeowner.

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Resilient construction has the potential to substantially reduce property damage and loss of life resulting from all forms of natural disasters. In an example from Hurricane Ike, while all other homes in the surrounding area were totally destroyed, 10 of 13 resilient constructed homes in the path of the storm remained standing with minimal damage. The three houses that did not survive actually were destroyed by the impact of debris from traditionally built homes knocked off their foundations by storm surge. It's simple: with more homes standing and less debris flying, more lives are saved. Source: <http://www.fema.gov/library/viewRecord.do?id=3577>

We ask you to include a tax credit for resilient building in any tax reform package and encourage you to look at H.R. 5839, the Disaster Savings and Resilient Construction Act of 2012, as a model. The Joint Committee on Taxation has scored the Disaster Savings and Resilient Construction Act of 2012 at \$2 million over 5 years, and \$2 million over 10 years, while reducing future, unfunded disaster spending and saving lives in the process.

Fiscal Years (Millions of Dollars)						
2013	2014	2015	2016	2017	2013-2017	2013-2022
[1]	[1]	[1]	-1	---	-2	-2

NOTE: Details do not add to totals due to rounding.

[1] Loss of less than \$500,000.

Thank you for taking the time to consider the ready mixed concrete industry's tax priority. We look forward to working with you on this important tax initiative.

Sincerely,

Robert A. Garbini
President
National Ready Mixed Concrete Association

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